

FINAL BUDGET REPORT

ITEM: MLM 00855/-03/2012

2012/13 Budgets and Medium Term Revenue and Expenditure Framework (MTREF)

REPORT FLOW:

Finance Portfolio Committee

Executive Committee

Council

1. PURPOSE

The purpose of the report is to obtain council approval of the draft operating and capital budgets and the medium term revenue and expenditure framework (MTREF) and the sources of funding thereof for the 2012/13 financial year.

2. BACKGROUND

The budget is the principal instrument to be applied in effecting the municipality's service delivery strategies as enunciated in its integrated development plan (IDP).

A sound budget optimally allocates the realistically anticipated resources of the municipality to the achievement of the defined performance objectives and priorities in the municipality's Integrated Development Plan (IDP).

MFMA Circulars 58 and 59 were used to guide the compilation of the municipality's budget and medium term revenue and expenditure framework (MTREF) for the 2012/2013 financial year.

The municipality encountered the following challenges in the compilation of the budget and the MTREF:

- Given the precarious cash flow position of the municipality, there was the urgent need to prioritize projects and expenditure within the realistically anticipated resources.
- The escalation in the cost of bulk water brought in its trail increased pressure on service tariffs to consumers.

- Wage increase of 6.5 % for municipal staff for the financial year in excess of the average CPI of 5.4%.
- The need to fill critical positions in the organogram.

The following principles were taken into consideration in the finalization of the 2012/13 MTREF.

- The priorities and guidelines of the 2012/13 Adjustments Budget were used as a basis for establishing baselines for the 2012/13 budget.
- No allocation has been made to national or provincial funded projects unless the relevant grant has been gazette as required by the annual Division of Revenue Act.
- Generally, increases in tariff and property rates should be affordable in comparison with the inflation rate but the increases are to be cost-reflective in cases where the increases in input costs are beyond the control of the municipality, for example, the cost of bulk water.
- Provincial treasury comments
- Council additional recommendations on the draft budget
- Departmental comments on the draft budget
- Strategic budget lekgotla decisions

3. DISCUSSIONS

3.1 BUDGET SUMMARIES

Compared to the 2011/12 Adjustment Budget, total operating income for the 2012/13 financial year has increase by R6,220 million or 2.84% after adding the revenue on waste management and revising the water sales and basic charge assumptions. The operating income for the outer years of the MTREF will grow by 4.75%-2013/2014 and 6% respectively compared to the 2011/12 Adjustments Budget.

Total operating expenditure for the 2012/13 financial year exceeds the 2011/12 Adjustments Budget by **R 17,957** million or **9, 23 %**. When compared to the 2011/12 Adjustments Budget, the total operating expenditure for 2012/13 and 2013/14 will increase by 1% and 6% respectively.

Total capital expenditure for the 2012/13 financial year will grow by 44.43% or R43 million compared to the 2011/12 Adjustments Budget after taking into consideration an anticipated roll over of R38,817 million. Compared to the 2011/12 Adjustments Budget, the capital expenditure for the 2013/14 financial year will decrease by 1% and rise by 7% 2014/15.

3.1.1 STRATEGIC LEKGOTLA DECISIONS

During two days strategic Lekgotla held on the 24th and 25th May 2012 the municipality had a budget deficit for R18 million and the municipality had to cut down the budget by R18 million. It was emphasized that budget should prioritized issued relating to Service delivery, 2014 clean audit , establishment of traffic department as well as creation of jobs through Local economic Development in addition it was agreed that more focus should be placed on revenue enhancement strategy. The mayor and the Municipal manager also indicated that they will seek financial relief from the District to assist in the realization of the municipal objectives.

Staff related cost

- I. It was agreed that vacant positions should be implemented on a different timing basis to allow saving on the budget deficit as follows;
 - LED position be implemented on the 1st of September 2012
 - Office of the Mayor be implemented on the 1st of November 2012
 - Office of the municipal manager be implemented with effect from the 1st of August 2012
 - Community services be with effect from 1st of January 2012
 - HR and Corporate services appointment be with effect of 1 March 2013.
 - Technical services 1st September 2012
 - Finance department 1st November 2012
- II. The annual increase of section 57 managers should be 5% and the performance bonus be within 6%-15% as prescribed but the a maximum of 10% will be granted.
- III. There should be alignment of salary scale between managers on contract and senior managers and generally managers be appointed on a permanent basis. it was agreed that this be treated as a matter of urgency
- IV. That the following position be added on the 2012/ 13 budget in terms of the agreed differential time frames agreed upon.
 - Information security Officer at level 04
 - MPAC research and monitoring at level 04
 - Legal Manager level 00
 - Support Staff LED x3 level 08
 - Senior Manager Technical Services level 00
 - Deputy Chief Financial Officer contract
 - Superintended level 04
 - Disaster management officer level 04

Draft budget VS final budget major amendments.

The 2012/2013 budget reflects an operating surplus of R71,861 surplus operating which occurred after putting other major expenses on hold awaiting the financial assistance confirmation [operating revenue R212,534,937/ R212,463,076 Expenditure].

These are the major amendment on the draft final budget which contributed to the huge increase

Expenses

i. Staff related cost

- Salaries have gone down by R927 thousands, or -5% thus moving from R71, 904 million to R68, 395 million.

ii. General expenses

- A decrease in cost recovery by R2, 816 million or 52, 56% moving from 5,357 to 2,541 million.
- Provision of indigent subsidy of 2,271 million for the first time in our budget
- A decrease in LED projects by R1, 500 million or 37, 97% moving from R3, 950 million to R2, 450 lack of funding to finance these projects.
- A saving in the legal cost by R3.2 million or 53.17% moving from R6,018 million to R2,816 million. The municipality is intending to appoint the Legal Manager to realize these major saving on legal cost.
- A major cut on Mayors special projects by R1, 807 million 76, 50% moving from R2, 362 to R555 thousands.
- A major cut on municipal system improvement of R 7,527 million 54.27% moving from 13,867 million to 7.239 million. Most of the IT related costs have been put on hold on this budget pending the financial assistance confirmation either from District or Provincial treasury.
- Decrease in professional fees by R1, 070 million 24, 41% moving from R4, 383 million to R3, 313 million.
- Decrease by 569 thousands on PMS implementation program or moving from R1, 569 million to R1, 000 million.
- A removal of revenue enhancement budget of R1.4 million pending the financial assistance.
- Reduction of VAT submission budget by R1 million or 50.22% the plan is to perform these function in-house moving from R1, 991million to R991 thousands.
- An addition of debt impairment for waters services of R10,526 Million and R2,1 million for waste management thus integrating treasury comments into the b budget.

- An addition of the new line item for Mayors and speakers Imbizo's for R2,380 million to enhance proper planning and accurate costing on Imbizo's.
 - Addition of R3,600 million to repay the fleet loan obtained from ABSA omitted during the draft budget.
- iii. Bulk purchase
- Increase in the bulk purchase for water by R1, 949 million.
 - On contracted services an increase of R6,500 million for waste management services.
 - An omission of R1million for water conservation and demand management has been added.
- iv. Revenue
- Reduction of water consumption by 2.292 million.
 - Reduction of water basic charge by R16.870 million from 28.8 million after taking the treasury comment into consideration.
 - Increase of refuse removal revenue of R11.076 million despite the fact that the collectability rate is still questionable.
 - Increase of R250 000 on FMG grant that was erroneously captured.
 - Decrease in interest on debtors of R4 million from R8.723 million.
 - An increase on investment by R4, 590 million from R777 thousands.

Initially the wage bill of the municipality was sitting at 35% and has gone down by 2.81% comprising of 25.46% staff related and 6.73% for councilors. The councilors salaries has been increased by 5.% and the staff related cost has been increased by 6% in-terms of the existing structure. The overall increase in salaries is 21% which include both the annual increment and the vacant post of R11, 663 million for vacant position.

The wage bill is now sitting at 32% comprising of 6,73% :[R14,299,422-councilors/R212,462,076-operating expenditure] and 25,46%:[R42,432,829 Staff salaries/ R230,562,507-operating expenditure] for staff related cost

The following expenses budgeted for in the draft budget has now been removed due to lack of funding:

Construction of R3 150 000 broken down as follows

- | | |
|---|-----------|
| • Ward Councilor's Offices(Sutelong Ward 5) | R 450 000 |
| • Ward Councilor's Offices(Ngobi Ward 6) | R 450 000 |
| • Ward Councilor's Offices(Mathibestad RDP Ward 12) | R 450 000 |
| • Ward Councilor's Offices(Maubane Wards 15) | R 450 000 |
| • Ward Councilor's Offices(Carousel View Ward 13) | R 450 000 |

- Ward Councilor's Offices(Mmotla Ward 9) R 450 000
- Ward Councilor's Offices(Mogogelo Ward 11) R 450 000
- The construction of palliate fence at MPCC for R1 500 000
- During the adoption of the final budget the council recommended that the final budget provision should cater for the repairs of the high mast lights.
- The proposal to obtain a loan for building of municipal offices has been removed since it will have an impact on the expenditure budget for 2012/2013 i.e. there will not be any sufficient funds to service the repayment of the loan in our budget.

BUDGET SUMMARIES-OPERATING BUDGET

EXPENSES	Adjusted Budget	Draft Budget 2012/13	± adjustment	Final Draft Budget 2012/13	% ± Draft vs. adjust	% ± Final vs. adjust	Motivation Adjustment vs. final budget
Salaries	R58,501,592	R71,904,306	-R927,446	R68,395,262	22.91	16.91	New post of R11,663 million which contributed to the 16,91 % total increase in staff related costs. Councilors were increase by 5%
General Expenses	R67,419,178	R71,678,269	-R1756737	R70,665,701	6.32	4.82	There are lot of expenses kept on hold pending the financial relief on the budget which after such relief those expenses will be appropriated in the budget
Bulk Purchases	R38,400,000	R46,450,046	R1,949,954	R48,400,000	20.96	26.04	Taking into account all the invoices issued by CoT.
Contracted Services	R4,618,930	R5,423,242	R6,500,000	R11,414,367	17.41	147.12	The increase is caused by the introduction of waste management cost of R7.339 million
Repairs and Maintenance	R5,202,375	R6,158,502	R200,000	R6,358,502	18.38	22.22	The budget has been cut down for trying to balance the budget.
Depreciation	R7,763,437	R8,229,243	R1,000,000	R7,229,243	6.00	-6.88	It has gone down by the amount of depreciation of the disposed assets occurred at year end which was omitted during draft budget.
Contribution to Provisions	-	-	-	-	-	-	N/a
Contribution to CRR	-	-	-	-	-	-	N/a
	-	-	-	-	-	-	N/a
less: Withdrawal from Provisions	-	-	-	-	-	-	N/a
Total Operating Expenditure	R194,504,512	R209,843,609	R4,988,949	R212,486,254	7.89	18.54	Overall increased caused by different line items mentioned above
REVENUE							
Assessment Rates	R2,860,780	R2,608,428	-	R2,608,428	-8.82	-8.82	Last year the municipality was implementing the roll for the first time with lots of adjustments
Refuse Removal Charges	-	-	R11,076,923	R11, 076,923	New	New	It was removed during adjustment and the Municipality feels strongly that the service will be rendered in the current year.
Water Charges	R19,378,854	R36,435,062	R19,163,438	R17,271,624	88.01	-10.87	Integrating treasury comments on the budget assessment.
Connection Fees	R11,472	R11,687	-	R11,687	1.87	1.87	Based on the actual results at year end
Consumer Charges	R3,040	R2,417	-	R2,417	-20.49	-20.49	Gazzeted
Equitable Share	R138,282,000	R155,654,000	-	R155,654,000	12.56	12.56	Gazzeted
CMIP/MIG	R4,285,600	R2,807,325	-	R2,807,325	-34.49	-34.49	Gazzeted

DWAF Water Operating Subsidy	R3,205,000	R7,705,000	-	R2,205,000	140.41	-31.20	Realignment and apportionment of the grant
DWAF- Refurbishment	-	-	R5,500,000	R5,500,000	-	-!	Realignment and apportionment of the grant
Bojanala Platinum District Municipality	R1,000,000	R1,000,000	R1000,000	-	0.00	-	Not confirmed hence the removal
Other Grants		R2,638,572	-R2,638,572	-	-	-	They were lumped together but currently clearly defined
Municipal Systems Improvement Grant	R1,000,000	R800,000	-	R800,000	-20.00	-20.00	Gazzeted
Financial Management Grant	R1,250,000	R1,250,000	R250,000	R1,500,000	0.00	20.00	Error in capturing of R 250 thousands
Sport, Art And Culture	R1,350,000	R350,000	-	R350,000	-74.07	-74.07	Gazzeted
EPWP Incentive Grant	R1,759,000	-	R2,169,000-	R2,169,000	-	23.31	Gazzeted
Fire and Emergency Grant Aid	-		R300,000	R300,000	-	-	Gazzeted
Roll over grants from previous year	R12,919,236		-	-	-100.00	-	The roll over during adjustment budget will be depleted by year end
Interest	R18,740,504	R9,500,770	R590,247	R10,091,017	-49.30	-46.15	Integration of treasury comments
Sundry Income	R12,710,176	R187,516	-	R187,516	-98.52	-98.52	Informed by the actual results of 30 June 2011
Total Operating Revenue	R-218,755,662	R-223,119,777	R-10,584,840	R-212,534,937	-	-	Basically the results of the above
Operating Surplus	R-24,250,150	R13,785,044	R15,550,610	-R71,861	1.99	-2.84	Basically the results of the above
Transfer To Other Reserves	R31,962,499	R22,134,738	-	R22,134,738	-156.85	-174.34	Basically the results of the above
Transfer From Other Reserves	R7,763,437	R8,229,243	R500,000	R23,959,277	-30.75	-30.75	Basically the results of the above
Surplus	R-51,088	R629,326	R16,050,610	-R1,896,401	6.00	208.62	Basically the results of the above

List of individual's votes

				2012/2013		2012/2013		
Employee Salaries And Allowances	Adjusted Budget	Actuals	Projected	Draft Budget	Adjust[+/-]	Final proposed budget	percentage increase/decrease	percentage variance draft and final
EMPLOYEE/COUNCILLORS RELATED COST				2012/2013		2012/2013		
Employee Salaries And Allowances	Adjusted Budget	Actuals	Projected	Draft Budget	Adjust[+/-]	Final proposed budget	percentage increase/decrease	percentage variance draft and final
BASIC SALARIES	29,587,063	15,541,658	23,312,484	36,365,460	793,961	37,159,420	26	2
BONUS	1,959,400	1,012,101	1,518,149	2,408,299	547,593	2,955,892	51	23
PERFORMANCE BONUS	-	-	-	-	-	-		
CASUAL WORKERS	-	-	-	-	-	-		
SKILL DEV LEVY	268,570	187,683	281,523	330,099	(59,743)	270,357	1	(18)
OVERTIME	1,476,550	709,399	1,064,097	1,814,827	(787,280)	1,027,547	(30)	(43)
REDEMPTION OF LEAVE	-	-	-	-	-	-		
STANDBY ALLOWANCES	-	-	-	-	-	-		
U.I.F.	228,203	138,221	207,328	280,484	3,250	283,734	24	1
ALLOWANCES ACTING	-	-	-	-	-	-		
ALLOWANCES HOUSING	149,736	60,737	91,105	184,041	(24,122)	159,919	7	(13)
ALLOWANCES TRAVELING	3,017,333	2,493,299	3,739,948	3,708,603	(985,465)	2,723,138	(10)	(27)
ALLOWANCES TELEPHONE	521,266	278,169	417,250	640,688	(141,390)	499,298	(4)	(22)
SUB-TOTAL EMPLOYEE SAL AND ALLOWANCES	37,208,121	20,421,266	30,631,884	45,732,501	(653,196)	45,079,305	21	(1)
CONTRIBUTIONS : PENSION FUND	4,837,780	3,066,525	4,599,789	5,946,115	192,615	6,138,730	27	3
CONTRIBUTIONS : MEDICAL AID	2,721,235	1,489,008	2,233,514	3,344,670	(466,865)	2,877,805	6	(14)

SUB-TOTAL SOCIAL CONTRIBUTIONS	7,559,015	4,555,532	6,833,303	9,290,785	(274,250)	9,016,535	19	(3)
ALLOWANCE COUNCILLORS	9,539,568	6,531,084	9,796,625	11,725,083	-	10,111,952	6	(14)
SKILLS DEV LEVY	206,832	79,268	118,901	254,217	-	-	(100)	(100)
ALLOWANCE COUNCILLORS TELEPHONE	753,816	506,358	759,538	926,515	-	791,522	5	(15)
ALLOWANCE COUNCILLORS TRAVELING	3,234,240	2,178,808	3,268,212	3,975,204	-	3,395,948	5	(15)
SUB- TOTAL COUNCILLORS RENUMERATION	13,734,456	9,295,518	13,943,276	16,881,020	-	14,299,422	4	(15)
TOTAL EMPLOYEE/COUNCILLORS RELATED COST	58,501,592	34,272,316	51,408,463	71,904,306	(927,446)	68,395,262	17	(5)
ADVERTISING	424,750	67,101	100,652	579,150	(264,170)	259,150	(39)	(55)
ADMINISTRATION	23,164	11,582	17,373	23,164	-	23,164	-	-
ACCOMODATION	1,004,472	429,065	643,598	870,146	(235,888)	634,258	(37)	(27)
AUDIT FEES	1,520,000	-	-	1,500,000	-	1,500,000	(1)	-
BANK CHARGES	351,951	51,361	77,042	401,891	(250,000)	151,891	(57)	(62)
CLEAN COMMUNITIES PROJECT	1,986,000	1,295,500	1,943,250	-	-	-	(100)	#DIV/0!
COMPUTER SUPPORT	390,733	138,481	207,721	242,559	(20,000)	222,559	(43)	(8)
CONSUMABLE ITEMS	10,600	4,750	7,125	27,553	-	27,553	160	-
COMMUNITY BASED PLANNING	539,194	522,265	783,397	500,000	(100,000)	400,000	(26)	(20)
COST RECOVERY & DEBT COLLECTION SUPPORT	3,712,000	2,111,620	3,167,429	5,357,475	(2,816,434)	2,541,041	(32)	(53)
ENTERTAINMENT	87,134	5,521	8,281	106,140	-	106,140	22	-
EMPLOYEE ASSISTANT PROGRAM	2,400	-	-	60,000	(10,000)	50,000	1,983	(17)
FREE BASIC SERVICES ELECTRICITY	5,107,062	1,973,086	2,959,629	4,084,877	(300,000)	3,784,877	(26)	(7)
FUEL & LUBRICANTS	1,500,000	801,408	1,202,112	1,274,239	-	1,274,239	(15)	-
INDIGENT SURVEY	87,344	-	-	-	-	-	(100)	#DIV/0!
INTEGRATED DEVELOPMENT PLANNING	381,600	306,950	460,425	420,000	-	420,000	10	-

INSURANCE COST - GENERAL	533,859	452,373	678,559	995,415	(100,000)	895,415	68	(10)
INTEREST PAID BANK	604	-	-	-	-	-	(100)	#DIV/0!
LED PROJECTS	1,500,000	1,165,548	1,748,322	3,950,000	(1,500,000)	2,450,000	63	(38)
LEGAL COSTS	4,560,000	3,785,149	5,677,723	6,018,386	(3,200,000)	2,818,386	(38)	(53)
LICENCE FEES	476,060	238,030	357,045	628,468	-	628,468	32	-
MAYORS SPECIAL PROJECTS	2,447,109	1,091,479	1,637,219	2,363,566	(1,807,869)	555,697	(77)	(76)
MATERIAL AND STOCK	54,003	27,001	40,502	42,932	-	42,932	(21)	-
MEMBERSHIP FEES	46,764	-	-	404,800	-	404,800	766	-
MUNICIPAL SYSTEMS IMPROVEMENT	15,664,767	11,937,216	17,905,825	13,867,530	(7,527,981)	7,239,549	(54)	(48)
MACHINERY & EQUIPMENT	1,182,911	751,735	1,127,602	103,600	-	103,600	(91)	-
OCCUPATIONAL HEALTH & SAFETY	214,740	149,959	224,939	238,435	-	238,435	11	-
POSTAGE AND STAMPS	614,800	378,947	568,421	605,526	(70,000)	535,526	(13)	(12)
PRINTING AND STATIONARY	1,025,270	336,308	504,462	1,369,377	(300,000)	1,069,377	4	(22)
PROFESSIONAL SERVICES	4,876,622	2,346,511	3,519,766	4,383,951	(1,070,691)	3,313,260	(32)	(24)
PUBLIC RELATIONS	295,618	150,709	226,063	256,766	-	256,766	(13)	-
PMS IMPLEMENTATION PROGRAM	1,020,272	882,665	1,323,997	1,569,937	(569,937)	1,000,000	(2)	(36)
REFRESHMENTS	426,403	169,442	254,163	466,117	(105,000)	361,117	(15)	(23)
REFERENCE BOOKS & PERIODICALS	60,881	23,952	35,928	104,581	-	104,581	72	-
SOCIAL SERVICES PROJECTS	300,000	42,000	63,000	300,000	-	300,000	-	-
SPORTS PROJECTS	689,520	406,925	610,388	689,520	-	689,520	-	-
TRANSPORT & SAFETY PROJECTS	105,000	64,750	97,125	105,000	-	105,000	-	-
TRAINING AND CAPACITY BUILDING	2,582,408	1,761,876	2,642,813	3,510,244	273,411	3,783,655	47	8
TELEPHONE	1,235,303	710,974	1,066,461	1,130,448	(47,254)	1,083,194	(12)	(4)

TRAVELLING	1,291,706	916,815	1,375,223	1,434,125	(125,386)	1,308,739	1	(9)
SUBSISTANCE	328,607	227,229	340,843	356,895	(7,000)	349,895	6	(2)
VAT RETURN: SUBMISSION FEE	2,052,341	1,252,341	1,878,511	1,991,222	(1,000,000)	991,222	(52)	(50)
VALUATION ROLL/INTERIM VALUATIONS	717,658	258,829	388,243	811,538	-	811,538	13	-
WARD COMMITTEES	3,745,660	2,703,380	4,055,070	3,745,660	-	3,745,660	-	-
WORKSHOPS, CONFERENCE & SEMINARS	1,122,112	511,916	767,874	867,779	-	867,779	(23)	-
WATER & LIGHT	1,119,776	688,211	1,032,317	1,094,256	-	1,094,256	(2)	-
SUB-TOTAL GENERAL EXPENSES DEPARTEMENTS	67,419,178	42,085,653	63,128,481	71,678,269	(1,756,737)	70,665,701	5	(1)
PURCHASES : WATER	51,000,000	29,213,865	43,820,798	46,450,046	1,949,954	48,400,000	(5)	4
SUB-TOTAL GEN EXPEND BULK PURCHASES	51,000,000	29,213,865	43,820,798	46,450,046	1,949,954	48,400,000	(5)	4
CLEANSING SERVICES OFFICES	774,930	528,130	792,195	839,727	6,500,000	7,339,727	847	774
SECURITY SERVICES	3,844,000	1,594,000	2,391,000	4,074,640	(1,000,000)	3,074,640	(20)	(25)
SUB-TOTAL GENERAL EXPEN - CONTR SERVICES	4,618,930	2,122,130	3,183,195	4,914,367	6,500,000	11,414,367	147	132
TOTAL GENERAL EXPENSES	123,038,108	73,421,648	110,132,474	123,042,682	6,693,217	130,480,068	6	6
MAINTENANCE MACHINERY AND EQUIPMENT	80,000	-	-	70,000	-	70,000	(13)	-
MAINTENANCE VEHICLE	1,338,534	71,457	107,186	270,229	-	270,229	(80)	-
MAINTENANCE DWAF - MAGALIES WATER	1,556,312	1,732,834	2,599,252	2,755,207	-	2,755,207	77	-
MAINTENANCE SEWER TREATMENT PLANT	1,272,000	391,841	587,762	1,300,000	-	1,300,000	2	-
PMU O&M	160,529	1,824	2,735	168,066	-	168,066	5	-
MAINTENANCE HIGH MAST AND MEDIUM LIGHTS	795,000	-	-	795,000	-	795,000	-	-
TOTAL REPAIR AND MAINTENANCE	5,202,375	2,203,608	3,305,413	6,158,502	200,000	6,358,502	22	3
DEPRECIATION ON ASSETS	7,763,437	-	-	8,229,243	(1,000,000)	7,229,243	(7)	(12)
TOTAL DEPRECIATION	7,763,437	-	-	8,229,243	(1,000,000)	7,229,243	(7)	(12)

SUB-TOTAL EXPENDITURE (NETT)	194,505,512	109,897,572	164,846,350	209,334,733	4,965,770	212,463,076	9	1
TOTAL EXPENDITURE	194,505,512	109,897,572	164,846,350	209,334,733	4,965,770	212,463,076	9	1
CHARGES : RATES AND TAXES	(2,860,780)	(1,640,520)	(2,460,781)	(2,608,428)	-	(2,608,428)	(9)	-
CHARGES : WATER SALES	(7,000,000)	(3,544,064)	(5,316,096)	(7,635,062)	2,292,662	(5,342,400)	(24)	(30)
CHARGES : WATER BASIC	(12,378,854)	(8,253,204)	(12,379,806)	(28,800,000)	16,870,776	(11,929,224)	(4)	(59)
CHARGES : YARD CONNECTIONS	(11,472)	(7,350)	(11,025)	(11,687)	-	(11,687)	2	-
SUB-TOTAL USER / LEVIED CHARGES	(22,251,106)	(13,355,913)	(20,033,869)	(39,055,177)	8,086,515	(30,968,662)	39	(21)
CONSUMER SERVICES : CLEARANCE CERTIFICAT	(3,040)	(1,520)	(2,280)	(2,417)	-	(2,417)	(20)	-
0.000144416	(3,040)	(1,520)	(2,280)	(2,417)	-	(2,417)	(20)	-
EQUITABLE SHARE	(138,282,000)	(101,966,000)	(138,282,000)	(155,654,000)	-	(155,654,000)	13	-
MIG/CMIP	(4,285,600)	-	-	(2,807,325)	-	(2,807,325)	(34)	-
DWAF	(3,205,000)	(3,205,000)	(3,205,000)	(7,705,000)	2,205,000	(5,500,000)	72	(29)
BOJANALA PLATINUM DISTRICT MUNICIPALITY	(1,000,000)	(1,000,000)	-	(1,000,000)	1,000,000	-	(100)	(100)
MUNICIPAL SYSTEMS IMPROVEMENT GRANT	(1,000,000)	(1,000,000)	(1,000,000)	(800,000)	(300,000)	(1,100,000)	10	38
*VACANT*FIRE AND EMERGENCYGRANT IN AID	(12,919,236)	-	-	-	-	-	(100)	#DIV/0!
FINANCIAL MANAGEMENT GRANT	(1,250,000)	(1,250,000)	-	(1,250,000)	(250,000)	(1,500,000)	20	20
EPWP	(1,759,000)	(1,759,000)	-	(2,169,000)	-	(2,169,000)	23	-
SPORTS,ART AND CULTURE	(1,350,000)	(1,350,000)	-	(350,000)	-	(350,000)	(74)	-
SUB-TOTAL GOVERNMENT GRANT AND SUBSIDIES	(165,050,836)	(113,000,800)	(144,693,200)	(174,373,897)	3,088,572	(171,285,325)	4	(2)
INTEREST ON INVESTMENTS	(5,576,300)	-	-	-	-	-	(100)	#DIV/0!
DAILY INTEREST BANK BALANCE	(1,664,713)	(489,153)	(733,729)	(777,753)	(4,590,247)	(5,368,000)	222	590
INTEREST ON OUTSTANDING LEVIES & CHARGES	(11,499,491)	(5,486,174)	(8,229,261)	(8,723,017)	4,000,000	(4,723,017)	(59)	(46)
	(18,740,504)	(5,975,327)	(8,962,990)	(9,500,770)	(590,247)	(10,091,017)	(46)	6

HALL RENTAL	(11,024)	(4,445)	(6,668)	(7,068)	-	(7,068)	(36)	-
HOUSE RENTAL	(636)	-	-	-	-	-	(100)	#DIV/0!
OFFICE RENTAL	(15,264)	(9,600)	(14,400)	(15,264)	-	(15,264)	-	-
SUB-TOTAL RENT FACILITIES AND EQUIPMENT	(26,924)	(14,045)	(21,068)	(22,332)	-	(22,332)	(17)	-
TENDER DOCUMENT	(528,211)	(67,900)	(101,850)	(107,961)	-	(107,961)	(80)	-
SUNDRY INCOME	(12,080,738)	(33,213)	(49,819)	(52,809)	-	(52,809)	(100)	-
SETA FUND INCOME	(74,303)	(2,776)	(4,164)	(4,414)	-	(4,414)	(94)	-
SUB-TOTAL OTHER INCOME	(12,683,252)	(103,889)	(155,833)	(165,184)	-	(165,184)	(99)	-
SUB-TOTAL OPERATING INCOME GENERATED	(218,755,662)	(132,451,494)	(173,869,240)	(223,119,777)	10,584,840	(212,534,937)	(3)	(5)
TOTAL DIRECT OPERATING INCOME GENERATED	(218,755,662)	(132,451,494)	(173,869,240)	(223,119,777)	10,584,840	(212,534,937)	(3)	(5)
TOTAL OPERATING INCOME	(218,755,662)	(132,451,494)	(173,869,240)	(223,119,777)	10,584,840	(212,534,937)	(3)	(5)
TOTAL EXPENDITURE	194,505,512	109,897,572	164,846,350	209,334,733	4,965,770	212,463,076	9	1
TOTAL OPERATING INCOME	(218,755,662)	(132,451,494)	(173,869,240)	(223,119,777)	10,584,840	(212,534,937)	(3)	(5)
TOTAL OPERATING SURPLUS / DEFICIT	(24,250,150)	(22,553,921)	(9,022,890)	(13,785,044)	15,550,610	(71,861)	(100)	(99)
TRANSFERS TO CAPITAL RESERVE	15,732,465	-	-	500,000	-	500,000	(97)	-
TRANSFERS TO BAD DEBTS	16,230,034	-	-	21,634,738	-	21,634,738	33	-
TOTAL TRANSFERS TO OTHER RESERVES	31,962,499	-	-	22,134,738	-	22,134,738	(31)	-
TRANSFERS FROM NDR TO OFFSET DEPRECIA	(7,763,437)	-	-	(8,229,243)	500,000	(7,729,243)	(0)	(6)
TOTAL TRANSFERS FROM OTHER RESERVES	(7,763,437)	-	-	(8,229,243)	500,000	(23,959,277)	209	191
CLOSING UNAPPROP SURPLUS/DEFICIT	(51,088)	(22,553,921)	(9,022,890)	120,451	16,050,610	(1,896,401)	3,612	(1,674)
SURPLUS/DEFICIT	(51,088)	(22,553,921)	(9,022,890)	120,451	16,050,610	(1,896,401)	3,612	(1,674)

CAPITAL BUDGET

Descriptions	BUDGET INFORMATION						SOURCE OF FUNDING FOR 2012/2013		
	2011/2012 Adjustment budget	2012/2013 Draft Budget	Roll-Overs	Revised Budget 2012/2013	2013/14	2014/15	AFF	MIG	TOTAL
Infrastructure									
Roads	43,409,853	R49,654,333	23,816,436	73,470,769	R62,647,637	R62,647,637		73,470,769	73,470,769
Sanitation	0	R43,254,000	-	43,254,000	R58,562,425	R68,062,425		43,254,000	43,254,000
Electricity Mains	0								
Water	36,917,374	R8,716,667	15,000,977	23,717,645	R18,364,551	R18,364,551		23,717,645	23,917,645
Community Assets									
Civic Buildings	0	R29,000,000	-	-					
Cemeteries		-	-	-					
Ward committees offices:- 5,6,9,11,12,15,13	0	3,150,000	-	-					
Other Assets									
Equipment	1,828,747	R500,000	-	500,000			500,000		500,000
Furniture & Fittings		-	-	-					
Motor vehicles	14,574,532	-	-	-					
Palisade fence	857,933	R1,500,000	-	-					
Computer equipment		-							
Total	97,759,692	135,775,000	38,817,414	140,942,414	139,574,613	149,074,613	500,000	140,442,414	141,142,414

Policies

The following policies has been reviewed

As defined in the section 1 of MFMA, policies that affect or are affected by the annual budget of a municipality include:

- 1.1 the tariffs policy which the municipality must adopt in terms of section 74 of the Municipal systems Act
- 1.2 The rates policy which the municipality must adopt in terms of section 3 of the Municipal property rates Act.
- 1.3 The credit control and debt management policy which the municipality must adopt in terms of section 96 of the Municipal systems Act
- 1.4 The cash management policy which the municipality should adopt in terms of the section 12(2) of the Act
- 1.5 The supply chain management policy which the municipality must adopt in terms of section 111 of the Act
- 1.6 Any policy dealing with the management and disposal of assets
- 1.7 The indigent policy of the municipality
- 1.8 Any policy related to budget implementation and monitoring , including:
 - 18.1 A policy dealing with shifting of funds within votes
 - 1.8.2 A policy dealing with the introduction of adjustment budget
 - 18.3 A policy dealing with unforeseen and unavoidable policies dealing with management and oversight

Below is the highlight in terms of changes in the policies

Policy	Reviewed yes/No	Amendments
Tariffs policy	Yes	No
Property rates policy	Yes	No
Credit control and debt collection policy	Yes	No
Budget policy	Yes	No
Indigent policy	Yes	No

Fixed assets management policy	Yes	No
Subsistence and Travelling policy	Yes	No
Banking and investment policy	Yes	No
Bad debts write-off policy	New	New
Overtime management policy	Yes	No
Risk management policy	Yes	No
Virement policy	Yes	No

Recommendations;

1. That the operation revenue of **R212, 534, 937** be approved.
2. That the operating expenditure of **R212, 463,076** be approved.
3. That the attached tariffs schedule be approved for implementation.
4. That after the approval the schedule of tariffs be gazzeted for the purpose of making a by-law that is enforceable.
5. The operating surplus of **R71, 861** be approved.
6. That the following expenses be kept on hold until the financial assistance has been confirmed by Bojanala District where after these expenses be appropriated in the budget within 60 days of the confirmation.
 - Municipal system improvement of R1million in HR Division
 - Municipal system's improvement of R6.6 million in IT Division
 - Installation of meters for R5 million in Water division.
 - Reduction of Bulk purchase by R3 million
 - Audit fees for R1.5 million to cater for the 2010/2012 financial year.
7. That Council note the Mayor has already embarked on seeking financial assistance from Bojanala Platinum District.
8. That council also embarked on a rigorous debt collection management to improve the collection rate of the municipality.
9. That all catering for municipal staff ordinary meetings be abolished.
10. The all contracted services of the municipality be revised

11. That council note the wage bill of 32, 19% comprising of 6.72% for councilors and 25, 46% for staff related cost
12. That across the board salary increase be 0-10 percent
13. That the employee related cost of R68,395,262 comprising of 42,432,828.78 on the current structure, R14,299,422 for councilors benefits as well as the budgeted vacant positions of R11,663,011 million be approved.
14. That the attached revised organogram be approved and post levels be reflected accordingly.
15. That attached final IDP for 2012-2017 be approved.
16. That the budget related policies be approved for implementation.
17. That after the approval of the budget related policies, those policies be send for gazzeting for purpose of making the by-law.

EXCO RECOMMENDATIONS

1. That the report be noted
2. That the IDP be align with the budget
3. That the HR Department to consult with the Labour and the LLF before the adoption of the final budget

COUNCIL RESOLUTIONS

1. As recommended